

**TABLE II. TAX YEAR 2002 C-CORPORATION RETURNS BY FEDERAL TAXABLE INCOME (BEFORE NOL) AND APPORTIONMENT PERCENTAGE**

Federal Taxable Income	NC Apportionment Percentage					Total
	<5%	5% - 24%	25% - 49%	50% - 99%	100%	
\$0 or less	12,134	1,932	732	1,214	28,236	44,248
\$1 - \$19,999	782	235	122	280	14,233	15,652
\$20,000- \$99,999	1,003	377	166	413	6,264	8,223
\$100,000 - \$ 999,999	2,127	652	236	462	2,044	5,521
\$1,000,000 - \$9,999,999	2,853	597	206	201	270	4,127
\$10,000,000+	1,864	294	72	40	32	2,302
<b>Total</b>	<b>20,763</b>	<b>4,087</b>	<b>1,534</b>	<b>2,610</b>	<b>51,079</b>	<b>80,073</b>

**TABLE III. TAX YEAR 2002 C-CORPORATION TAX LIABILITY BY FEDERAL TAXABLE INCOME (BEFORE NOL) AND APPORTIONMENT PERCENTAGE**

Federal Taxable Income	NC Apportionment Percentage					Total
	<5% [\$]	5% - 24% [\$]	25% - 49% [\$]	50% - 99% [\$]	100% [\$]	
\$0 or less	8,801,156	2,327,453	102,392	18,399,710	2,007,152	31,637,863
\$1 - \$19,999	22,975	59,307	32,113	159,067	4,458,307	4,731,769
\$20,000- \$99,999	60,192	174,744	226,930	962,309	14,927,882	16,352,057
\$100,000 - \$ 999,999	806,230	2,003,830	2,072,979	6,845,236	28,988,562	40,716,837
\$1,000,000 - \$9,999,999	10,185,288	15,922,690	15,924,935	22,528,389	40,064,612	104,625,914
\$10,000,000+	129,431,695	205,965,330	73,398,901	95,825,758	34,124,081	538,745,765
<b>Total</b>	<b>149,307,536</b>	<b>226,453,355</b>	<b>91,758,250</b>	<b>144,720,469</b>	<b>124,570,596</b>	<b>736,810,205</b>

Detail may not add to totals due to rounding.

Notes: A corporation's apportionment percentage is used to determine how much of the corporation's income may be taxed by North Carolina. The percentage is based on how much of the corporation's property, payroll, and sales are in North Carolina, with sales being given a double weight. A corporation must have a physical or significant economic presence in North Carolina, in order to be subject to taxation in the State. Due to the nature of their business, the following types of corporations apportion income using only the sales factor: public utilities, building or construction contractors, securities dealers, loan companies, or corporations receiving more than 50% of their ordinary gross income from intangible property.

Some corporations have no Federal Taxable Income but pay North Carolina taxes because provisions of the State tax code require that they add back certain amounts, such as income taxes paid, to their taxable income. Other corporations have a positive Federal Taxable Income but pay no tax in North Carolina because some of their income is not subject to taxation by states or because provisions of the State tax code allow them to reduce their income to the point where it is zero or less.